



GB HOLDINGS LTD

Trading Update for the first quarter ending 31 March 2021

Operating Environment

The resurgence of the second COVID 19 wave and the subsequent lockdown measures instituted in January 2021 slowed down economic activity in the first quarter under review. The company was accorded essential service status in the quarter and operated throughout the lockdown period. However, the economy was relatively stable underpinned by improved foreign currency availability at the auction market.

According to Zimstats, annual inflation declined from 348.6 % in December 2020 to 240.55 % in March 2021 on the back of reduced exchange rate volatility and price stability.

Performance

Despite the negative impact of COVID 19 on the company's key markets, overall volumes for the quarter at 221 metric tonnes were 37 % above the 162 metric tonnes recorded in the same period prior year due to an improved order book. The rubber division volumes grew by 57 % in the quarter when compared with prior year same period due to improved factory efficiencies and adequate stocking levels at 31 December 2020 year end. Although the Chemicals division's hospitality sector was negatively affected by the lock down period from 5 January to 28 February 2021, it recorded a volumes growth of 21 % despite intensified price competition in the hygienic sector.

Revenue in inflation adjusted terms was 46 % ahead of prior year due to improved volumes despite increased pressure on prices. The company operated profitably in the quarter despite inflationary pressure on local costs.

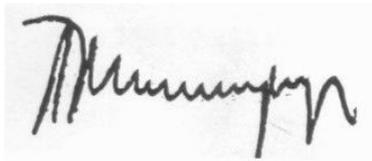
COVID -19

The company remains vigilant to the pandemic and is appreciative of the Government efforts in the vaccine roll out programme aimed at mitigating the impact of the pandemic on the economy. The threat of a third wave is imminent and the company's strategy will seek to balance employee health with the company's business sustainability.

Outlook

An anticipated bumper harvest and the rebound of mineral commodity prices in the global markets is expected to spur growth in the agricultural and mining sectors respectively. The company will continue to consolidate its market position in the mining sector and pursue niche market for the chemicals division. The company has adequate resources to sustain the business as a going concern in the foreseeable future.

By Order of the Board

A handwritten signature in black ink, appearing to read 'P. Munyanyi', is written over a light grey rectangular background.

P. MUNYANYI

COMPANY SECRETARY

17 May 2021